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THIS IS UNEVALUATED INFORMATION FOR THE RESEARCH
USE OF TRAINED INTELLIGENCE ANALYSTS

1. In a speech on 24 April before the Yugoslav Parliament, Colonel General Ivan Gosnjak, Assistant Minister for National Defense, stressed the need of increasing the Yugoslav military appropriation from sixty million to three hundred thirty million dollars. This increase was justified by the construction of bases in Yugoslavia in accordance with overall plans prepared by the Yugoslav general staff. These plans were previously approved by the Yugoslav, Bulgarian and Albanian Governments. Five thousand engineers and technicians, of whom 1,900 are foreigners (including 700 Russians, 400 Czechs and 250 Germans) have worked with the "Panslav Development Extraordinary Commission" operating under Gosnjak's orders.
2. Gosnjak pointed out that the bases were needed to ward off the threat to Yugoslav independence.
3. Together with the construction of bases throughout the Balkans, the Yugoslav war industry has been re-organized and strengthened. As of 31 March, 36 industrial plants were entirely engaged in the production of war materials, and the output from 86 other factories was 65 per cent war material.
4. The plan for the military development of the Balkans calls for the construction of air bases in Yugoslavia for "ultra-heavy bombers". As of April the air bases at the following locations were either constructed and/or re-organized:
 - (a) Risan - near Boka Kotorska - the site of a seaplane base and airport for heavy bombers. Special underground hangars have been constructed on plans prepared by the Russian engineer A. V. Vilutav.
 - (b) Nis - installations at this airport have been modernized and the field enlarged so as to make possible the landing and taking off of twice as many machines as the current strength of the Yugoslav Air Force. A building for housing a large school for the training of pilots has been added to the airport.

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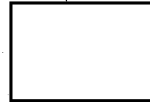
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CENTRAL INTELLIGENCE AGENCY

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- (c) Novi Sad - the most up-to-date air base in Yugoslavia.
 - (d) Zemun - the GHQ of the Yugoslav Air Force are located in underground offices at this airport.
 - (e) Zagreb - like the Nis airfield, this airport has been re-organized at a cost of 85 million dinars. It will be used by fighter planes and bombers.
 - (f) Ljubljana - the base has been modernized and enlarged to a size four times greater than before. It will be used for long-range heavy machines.
5. In connection with the re-organization of the Yugoslav Air Force, it should be noted that almost all the airplanes of British, German and Italian make have been scrapped, and substituted with Russian planes, particularly of the "Stormovik" and "Lavockin 5" types. The latter type is a twin-engine bomber equipped with ten small guns, with a speed of 650 kilometers per hour.

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